

The Utah Department of Transportation (UDOT)
Disadvantaged Business Enterprise (DBE) Program

49 CFR Part 26

PROPOSED DBE Goal Setting Calculations for FY 2006
FEDERAL HIGHWAY ADMINISTRATION (FHWA)

8.3 % Overall DBE Goal

(4.4% Race Conscious DBE Goal)
(3.9% Race Neutral Participation)

PROPOSED DBE Goal Setting Calculations for FY 2006
FEDERAL TRANSIT ADMINISTRATION (FTA)

0.0 % Overall DBE Goal

(0.0% Race Conscious DBE Goal)
(0.0% Race Neutral Participation)

Effective Date – October 1, 2005

FEDERAL HIGHWAY ADMINISTRATION (FHWA)
FEDERAL TRANSIT ADMINISTRATION (FTA)

UDOT DBE GOAL SETTING FOR FEDERAL FISCAL YEAR 2006 (October 1, 2005 to September 30, 2006)

Overall Goal (49 CFR 26.45)

This is the Annual Update for the Federal Fiscal year 2006 (The "amount," "method," and "breakout" portions of this section of the program shall be updated annually).

Proposed Goal

UDOT's proposed overall goal for FY2006 is **8.3%** of the Federal Highway Administration's (FHWA) financial assistance that will be expended on United States Department of Transportation (DOT)–assisted contracts.

Proposed FTA Goal

UDOT's proposed DBE goal for Federal Transit Authority (FTA) funded expenditures is **0.0%**. It is anticipated that FTA funded expenditures will not exceed the threshold of \$250,000.

Proposed FAA Goal

UDOT's proposed DBE goal for Federal Aviation Administration (FAA) funded expenditures is **0.0%**. It is anticipated that FTA funded expenditures will not exceed the threshold of \$250,000. FAA funds are passed through to sub-recipients who set DBE goals as appropriate.

Dollar Amount of FHWA Goal

The amount of FHWA-assisted contracts UDOT expects to let during FY2006 is approximately **\$245,000,000**.

A modified overall DBE goal of **8.3%** will be established on FHWA contracts resulting in an expected DBE participation of **\$20,335,000**. ($\$245,000,000 \times 8.3\%$).

Data Sources

Work Classifications:

Forty three (43) work classifications have been determined for DBE goal setting and potential DBE participation by UDOT from the bid items of the contracts, by the types of equipment needed to perform the work classifications, and the natural divisions in the contractors and/or subcontractors that perform the work classifications. A subcontractor work classification unit is defined as one contractor being listed in one subcontractor work classification. For example, a contractor who performs work in two (2) work classifications yields two (2) work classification units.

UDOT has used three (3) data sources for the 2006 DBE goal setting:

1. UDOT's Bidders List

Population (Prime bidders and quoting subcontractors): The population that has been used to develop the *Bidders List* consists of prime bidders and quoting subcontractors bidding on UDOT federally assisted projects from October 1, 2003 – September 30, 2004. The *Bidders List* includes Utah residence firms, out of state firms, and DBEs firms who were **successful and unsuccessful**. UDOT has determined that all firms on the *Bidders List* are *ready willing and able* to perform in the work classifications. **Work classifications** were identified on each firm bidding/quoting.

[See Appendix A – Relative Availability of DBE Firms](#)

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2. UDOT's Project Development Business System (PDBS)

PDBS is an integrated computer system that was initially implemented during FY2000. The system includes construction project information for a part of 1997, and forward to today's current projects. This goal setting process uses the most current information for 2002, 2003 and 2004. PDBS identifies information about contracts and subcontracts that have been awarded, project bidding participation by prime contractors and subcontractors, and dollar amounts paid on project items. The use of PDBS information insures a more accurate representation for UDOT's DBE goal setting process.

UDOT's 2004 Expenditures for Federal aid projects

Enhancements to PDBS implemented in 2004 allow the automation of the process to determine expenditures on federal aid projects within the defined work classifications. The dollar amounts paid on the individual project items in Federal Fiscal year 2004 have been accumulated into the work classifications. The accumulated dollar amounts are then used to calculate the percent of work available in each of the 43 work classifications.

3. UDOT's 2002 and 2003 Expenditures for Federal aid projects

Percentages of work available for 2002 and 2003, as previously submitted to FHWA in the 'Proposed DBE Goal Setting Calculations for FY 2005', and the 2004 percentage of work available, calculated as outlined above, were used in the calculation of the three-year average percent of work available for each of the 43 work classifications.

[See Appendix B – Actual Federal Amount Paid by Work Classification](#)

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METHODOLOGY

Step One – Base Figure

Example 2 was used [see 49 CFR 26.45(c)] which states: *Use a bidders list. Determine the number of DBEs that have bid or quoted on your DOT-assisted prime contracts or subcontracts in the previous year. Determine the number of all businesses that have bid or quoted on prime or subcontracts in the same time period. Divide the number of DBE bidders and quoters by the number for all businesses to derive a base figure for the relative availability of DBEs in your market).*

From the Bidders List, a Base Figure was determined by dividing the number of DBEs bidding/quoting by the number of all businesses bidding/quoting.

244 firms were identified from the bidders list in 43 selected work classifications. Out of the 244 firms on the bidders list, 51 were identified as **DBE** firms.

Relative Availability of DBE firms is calculated to be 20.9 %. ($51/244 = 20.9\%$) If everything were equal, DBE's would acquire **20.9%** of the work.

Step One – Weighted Calculations

Relative Availability Calculations
Work Classification Calculations
Relative Federal Dollar Amount Spent per Work Classification per year

Relative Availability Calculations:

From the Bidders List, it was determined that the DBE firms identified as bidding yield 122 contractor work classification units. The 244 total firms yield 627 contractor work classification units. (For example, a contractor who performs work in one work classification would yield 1 work classification unit. Work performed in two (2) work classifications yields two (2) work classification units).

Work Classification Calculations:

The Relative Availability of DBE Firms (Appendix A) is a summary of construction-related work classifications in which it is anticipated that DBEs may perform. Firms that bid as primes or quoted as subcontractors in more than one work classification are counted in multiple work classifications.

See [Appendix A – Relative Availability of DBE Firms](#)

122 = Total number of DBE bids.

On average, DBEs bid work in approximately 2.4 work classifications

505 = Total number of non-DBE bids.

On average, Non-DBE's bid work in approximately 2.6 work classifications

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DBE contractors may perform only a portion of the work in the following classifications: Demolition, Equipment Rental, Excavation, Fencing, Landscaping, Miscellaneous, Painting, Paving/Rotomilling, Pipe Culverts, Sawing & Sealing, Signs, Steel, Suppliers, Surveying, and Traffic Control. Consequently, the dollar amounts are so small and/or difficult to determine, and the potential for DBE subcontractor or supplier participation is so remote, that the percentage and subsequent calculations become insignificant.

Relative Federal Dollar Amount Spent per Work Classification per Year

The amount of federal funds spent was calculated in each of the work classifications as a percentage of the total amount paid in all classifications with payment dates in Federal Fiscal Year 2004. This information was used as the statistical base for determining the 2004 relative dollar amount expended in each work classification. The three-year average for each work classification was determined by using the 2002 and 2003 from UDOT's previously submitted FY2005 proposal and the 2004 amount calculated as previously stated.

See [Appendix B - Actual Federal Amount Paid per Work Classification](#)

Step Two – Adjustments

(Adjusts the base figure so that the final overall goal represents the amount of DBE participation expected in the absence of discrimination or its effects.)

Current Capacity - Capacity for DBEs to perform per work classification

UDOT has calculated the percentage of the firms ready, willing and able to compete for and perform the work in the individual work classifications. UDOT has calculated the percent of funds expended in each of the work classifications. Using the calculations, UDOT has calculated a weighted, relative availability of DBE's in various work classifications, giving more weight to the work classifications in which more money is spent. The Capacity is calculated by multiplying the percent of relative availability of DBE contractors by the relative amount spent in each work classification. The results of the calculations are summarized in [Appendix C - Current Capacity for DBE Performance](#).

Decertification/Graduation

Due to the removal of three (3) large DBEs from the program, we are projecting that three (3) of the 43 work classifications will require adjustment to reflect true "DBE Capacity to Perform" for FY2006. Listed in the table below are the 3 categories that are being adjusted, the former DBE that caused the adjustment need, the percentage of overall work in the category from the DBE, and the resulting adjusted Capacity percentage to be used in the Final Calculation:

Work Category	Former DBE	% of DBE Capacity	Adjusted Capacity %
Guardrail	Hikiau, Inc.	70%	0.0842%
Pavement Marking	K&J Traffic Control	75%	0.0480%
Rotomilling	Benge Cons.	90%	0.0117%

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Averaging Historical Capacity (what DBE's have done in the past) and Current Data (Calculated Current Capacity)

The DBE participation for the past three years is as follows:

2004: 8.9%, 2003: 9.2% and 2002: 6.9%

DBE 2005 Overall Goal = 8.3 % calculated as follows:

The DBE Current Capacity to perform work is 8.26%

The average of the past three-year participation is 8.33%

$(8.26 + 8.33)/2 = 8.30\%$.

Based on all of the above information, UDOT's DBE goal for the 2006 Federal Fiscal year is 8.3%.

DBE Race Conscious – Race Neutral Participation:

4.4% Race Conscious:

UDOT has established a DBE goal for **Race Conscious** participation of **4.4%**

(8.3% overall goal – 3.9% race neutral = 4.4%)

3.9% Race Neutral:

Race Neutral participation for the past three years is as follows:

2004: 4.5%, 2003: 3.9%, 2002: 1.2%.

The average Race Neutral DBE participation for the past 3 years is **3.2%**. It is estimated that Race Neutral subcontract participation during FY2006 will be approximately **3.9%**. The average Race Neutral DBE participation over a three-year period was used to calculate the percentage versus a median due to the steady increase of Contractors utilizing DBE's on a Race Neutral basis. Currently, the Race Neutral participation to date for FY05 is at approximately 3.05% but is expected to meet or exceed the 3.9% goal set for FY05 by the end of the construction season.

UDOT and Metropolitan Planning Organizations

MPO's and local governments receive FHWA funds for consultant contracts and construction contracts. Local government contracts are administered directly by UDOT and fall under UDOT's goal setting processes, bidding, and project administration procedures; therefore, the MPO's and local governments become subject to UDOT's DBE goal of 8.3%.

Comment Period

UDOT proposed a DBE Goal of 8.3%. The proposed DBE goal was advertised for a 45-day comment period beginning July 8, 2005. The comment period will end August 22, 2005. Public information will be advertised utilizing the following resources: Notification to all Utah newspapers throughout the state, as well as consultation with the Associated General Contractors Association, DBE Contractors, women and minority Contractors, and minority community organizations.

Comments

All written comments will be considered in the goal setting process.

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APPENDIX A - RELATIVE AVAILABILITY OF DBE FIRMS

**Relative Availability of DBE Firms
Bidding in Federal Fiscal Year 2004**

Work Classification	Work Classification Units		
	DBE's	All Firms	DBE %
1. Building - Construction	0	2	.0000
2. Building - Demolition	0	8	.0000
3. Building - Painting	0	0	.0000
4. Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	9	61	14.7541
5. Concrete - Structural	8	51	15.6863
6. Construction - Miscellaneous & Incidental	5	66	7.5758
7. Construction - Project Management/Quality Control	0	0	.0000
8. Consulting Services - Management	0	0	.0000
9. Consulting Services - Construction	0	0	.0000
10. Demolition	11	48	22.9167
11. Electrical - Lighting, Traffic Signals, Fiber Optics	4	35	11.4286
12. Excavation	5	43	11.6279
13. Fencing	8	34	23.5294
14. General Contractor - Building (B100 License)	0	0	.0000
15. General Contractor - Engineering (E100 License)	0	0	.0000
16. Grading	4	32	12.5000
17. Guardrail/Cable Guardrail	4	19	21.0526
18. Intelligent Transportation Systems (ITS)	0	0	.0000
19. Landscaping & Erosion Control	11	65	16.9231
20. Mechanical	0	0	.0000
21. Painting - Highway Striping & Painted Messages	3	24	12.5000
22. Painting - Highway Structures	2	6	33.3333
23. Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	0	33	.0000
24. Paving - Concrete	1	8	12.5000
25. Paving - Miscellaneous	4	28	14.2857
26. Paving - Rotomilling	2	32	6.2500
27. Pipe Culverts, Drainage, Sewer & Water	6	48	12.5000
28. Planning - Transportation	0	0	.0000
29. Reconstruction	3	19	15.7895
30. Rental & Sales - Equipment	0	1	.0000
31. Repair - Transportation Vehicle & Equipment	0	0	.0000
32. Sawing & Sealing	3	8	37.5000
33. Services - Engineering	0	0	.0000
34. Services - Environmental	0	0	.0000
35. Signal System Design	0	0	.0000
36. Signs - Permanent Signs	7	26	26.9231
37. Signs - Temporary Signs & Devices	0	3	.0000
38. Steel - Reinforcing	6	21	28.5714
39. Steel - Structural	2	17	11.7647
40. Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	6	95	6.3158
41. Surveying	3	33	9.0909
42. Traffic Control - Flagging/Airport Gate Guard	7	56	12.5000
43. Trucking (hauling)	10	51	19.6078
Totals:	134	973	13.7718

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APPENDIX B – ACTUAL FEDERAL AMOUNT PAID by WORK CLASSIFICATION

**Federal Project Summary
Amount Paid By Work Classification
By Federal Fiscal Year**

	2002	2003	2004	Three Year
	Federal	Federal	Federal	Average
	Projects	Projects	Projects	Relative
	Relative	Relative	Relative	Relative
	\$ Spent	\$ Spent	\$ Spent	\$ Spent
Work Classification Description	%	%	%	%
1. Building - Construction	***	0.0019	***	0.0019
2. Building - Demolition	***	0.0099	0.2084	0.1092
3. Building - Painting	***	***	***	***
4. Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	1.9724	2.5825	1.7642	2.1064
5. Concrete - Structural	4.3137	9.9623	7.4102	7.2287
6. Construction - Miscellaneous & Incidental	17.6618	0.1658	0.2375	6.0217
7. Construction - Project Management/Quality Control	***	0.6867	7.5872	4.1370
8. Consulting Services - Management	***	***	***	***
9. Consulting Services - Construction	***	0.0194	0.0271	0.0233
10. Demolition	***	1.6427	1.1516	1.3972
11. Electrical - Lighting, Traffic Signals, Fiber Optics	0.7919	3.1375	2.3310	2.0868
12. Excavation	***	2.9437	1.9786	2.4612
13. Fencing	0.3050	0.3857	0.3484	0.3464
14. General Contractor - Building (B100 License)	***	***	***	***
15. General Contractor - Engineering (E100 License)	***	***	***	***
16. Grading	9.5165	1.7264	5.4008	5.5479
17. Guardrail/Cable Guardrail	1.3450	1.3789	1.4835	1.4025
18. Intelligent Transportation Systems (ITS)	***	***	***	***
19. Landscaping & Erosion Control	0.7873	3.6836	2.9415	2.4708
20. Mechanical	***	***	***	***
21. Painting - Highway Striping & Painted Messages	0.6414	1.9617	2.2491	1.6174
22. Painting - Highway Structures	0.4445	1.8044	1.5030	1.2506
23. Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	38.6304	25.6818	26.6252	30.3125
24. Paving - Concrete	2.6815	1.4896	0.1712	1.4474
25. Paving - Miscellaneous	0.1004	9.7273	8.7080	6.1786
26. Paving - Rotomilling	1.9899	2.0770	1.8287	1.9652
27. Pipe Culverts, Drainage, Sewer & Water	2.3073	7.6973	9.5415	6.5154
28. Planning - Transportation	***	***	***	***
29. Reconstruction	***	0.6200	0.4985	0.5593
30. Rental & Sales - Equipment	***	0.0860	0.1201	0.1031
31. Repair - Transportation Vehicle & Equipment	***	0.0011	0.0016	0.0014
32. Sawing & Sealing	0.1742	0.3209	0.1495	0.2149
33. Services - Engineering	0.6498	3.1235	***	1.8867
34. Services - Environmental	***	0.2562	0.2422	0.2492
35. Signal System Design	***	***	***	***
36. Signs - Permanent Signs	0.5207	0.8401	1.0785	0.8131
37. Signs - Temporary Signs & Devices	4.7291	1.9885	1.1076	2.6084
38. Steel - Reinforcing	1.6112	1.2399	0.4918	1.1143
39. Steel - Structural	4.9160	5.3117	6.9190	5.7156
40. Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	***	3.5006	1.4972	2.4989
41. Surveying	***	0.7729	0.2899	0.5314
42. Traffic Control - Flagging/Airport Gate Guard	***	3.0407	0.3091	1.6749
43. Trucking (hauling)	3.9100	0.1323	3.7985	2.6136
	100.0000	100.0005	100.0002	105.2123

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APPENDIX C – CURRENT CAPACITY for DBE PERFORMANCE

**Current Capacity for DBE Performance
By Work Classification
For Federal Fiscal Year 2006**

Work Classification Description	DBE	Average	Normalized	DBE
	Relative Availability from 2004 Bidders List %	Federal Project Amount Paid %	Average Federal Project Amount Paid %	Weighted Relative Current Capacity To Perform %
1. Building - Construction	***	.0019	.0018	***
2. Building - Demolition	***	.1092	.1037	***
3. Building - Painting	***	***	***	***
4. Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	14.7541	2.1064	2.0020	.2954
5. Concrete - Structural	15.6863	7.2287	6.8706	1.0777
6. Construction - Miscellaneous & Incidental	7.5758	6.0217	5.7234	.4336
7. Construction - Project Management/Quality Control	***	4.137	3.9320	***
8. Consulting Services - Management	***	***	***	***
9. Consulting Services - Construction	***	.0233	.0221	***
10. Demolition	22.9167	1.3972	1.3279	.3043
11. Electrical - Lighting, Traffic Signals, Fiber Optics	11.4286	2.0868	1.9834	.2267
12. Excavation	11.6279	2.4612	2.3392	.2720
13. Fencing	23.5294	.3464	.3292	.0775
14. General Contractor - Building (B100 License)	***	***	***	***
15. General Contractor - Engineering (E100 License)	***	***	***	***
16. Grading	12.5000	5.5479	5.2731	.6591
17. Guardrail/Cable Guardrail	21.0526	1.4025	1.3330	.0842
18. Intelligent Transportation Systems (ITS)	***	***	***	***
19. Landscaping & Erosion Control	16.9231	2.4708	2.3484	.3974
20. Mechanical	***	***	***	***
21. Painting - Highway Striping & Painted Messages	12.5000	1.6174	1.5373	.0480
22. Painting - Highway Structures	33.3333	1.2506	1.1887	.3962
23. Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	***	30.3125	28.8108	***
24. Paving - Concrete	12.5000	1.4474	1.3757	.1720
25. Paving - Miscellaneous	14.2857	6.1786	5.8725	.8389
26. Paving - Rotomilling	6.2500	1.9652	1.8678	.0117
27. Pipe Culverts, Drainage, Sewer & Water	12.5000	6.5154	6.1926	.7741
28. Planning - Transportation	***	***	***	***
29. Reconstruction	15.7895	.5593	.5315	.0839
30. Rental & Sales - Equipment	***	.1031	.0979	***
31. Repair - Transportation Vehicle & Equipment	***	.0014	.0013	***
32. Sawing & Sealing	37.5000	.2149	.2042	.0766
33. Services - Engineering	***	1.8867	1.7932	***
34. Services - Environmental	***	.2492	.2369	***
35. Signal System Design	***	***	***	***
36. Signs - Permanent Signs	26.9231	.8131	.7728	.2081
37. Signs - Temporary Signs & Devices	***	2.6084	2.4792	***
38. Steel - Reinforcing	28.5714	1.1143	1.0591	.3026
39. Steel - Structural	11.7647	5.7156	5.4324	.6391
40. Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	6.3158	2.4989	2.3751	.1500
41. Surveying	9.0909	.5314	.5051	.0459
42. Traffic Control - Flagging/Airport Gate Guard	12.5000	1.6749	1.5919	.1990
43. Trucking (hauling)	19.6078	2.6136	2.4841	.4871
	13.7718	105.2123	100.0000	8.2611